

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6337

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN UNN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION OECD PARIS UNN

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 0515

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, EEC, XF, US

SUBJECT: ENERGY: EC COMMISSION PAPER ON PREPARATIONS FOR
THE WASHINGTON ENERGY CONFERENCE

REF: EC BRUSSELS 470

1. THE COMMISSION'S PAPER, WHICH WAS APPROVED AND FORWARDED TO
THE COUNCIL ON JANUARY 24 (REFTEL), WAS CLASSIFIED AS A CONFIDENTIAL
DOCUMENT BY EC COMMISSION PRESIDENT ORTOLI. THE FOLLOWING
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ENGLISH TEXT OF THE PAPER TRANSLATED FROM THE FRENCH ORIGINAL

HAS BEEN GIVEN TO US IN CONFIDENCE AND OUR POSSESSION OF IT SHOULD NOT BE REVEALED.

2. BEGIN TEXT:

IN ITS SESSION OF 15TH JANUARY, 1974, THE COUNCIL AGREED THAT THE COMMUNITY SHOULD PARTICIPATE AS ACTIVELY AS POSSIBLE IN THE MEETING ON ENERGY PROBLEMS ON 11TH FEBRUARY NEXT AT WASHINGTON TO WHICH IT HAD BEEN INVITED BY PRESIDENT NIXON. THE OBJECTIVES OF THE DIALOGUE BETWEEN ENERGY CONSUMERS FOR THE COMMUNITY:

- THE PRIORITY OBJECTIVE FOR THESE CONVERSATIONS BETWEEN COUNTRIES OR GROUPS OF COUNTRIES WHO ARE INDUSTRIALISED CONSUMERS OF ENERGY IS THAT OF ORGANISING A DIALOGUE IN WHICH BOTH THE CONSUMING COUNTRIES AND PRODUCING COUNTRIES WILL PARTICIPATE, IN THE MOST APPROPRIATE MANNER.

- THE CONSULTATIONS HELD AMONGST THESE COUNTRIES OR GROUPS OF COUNTRIES REPRESENTED IN WASHINGTON OR EVENTUALLY PURSUED ELSEWHERE, MUST NOT UNDER ANY CIRCUMSTANCES LEAD TO THE SETTING UP OF A GROUP OF CERTAIN ENERGY CONSUMERS WHICH WOULD OPPOSE ENERGY PRODUCING COUNTRIES AND WHICH DOES NOT TAKE INTO ACCOUNT THE INTERESTS OF DEVELOPING COUNTRIES WHO ARE ALSO CONSUMERS OF ENERGY.

- SPECIAL ATTENTION MUST BE PAID IN ALL FUTURE WORK TO THE ENERGY NEEDS OF DEVELOPING COUNTRIES AND THE COSTS TO THEM CERTAIN OF WHOM HAVE PARTICULAR LINKS WITH THE COMMUNITY, AND THE COST OF THAT ENERGY.

SUBJECTS TO DISCUSS DURING THE WASHINGTON CONFERENCE

IN PREPARING FOR INTERNATIONAL CONSULTATIONS ABOUT ENERGY PROBLEMS THESE DIFFERENT ASPECTS SHOULD BE DISTINGUISHED.

A. THE MOST IMPORTANT ELEMENTS AND PRINCIPLES FOR INTERNATIONAL COOPERATION IN ENERGY.

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B. THE ORGANIZATION OF INTERNATIONAL COOPERATION IN ENERGY.

C. THE IMPLICATIONS OF THE ENERGY SITUATION ON THE GENERAL ECONOMY OF THE WORLD AND IN PARTICULAR IN THE MONETARY FIELD.

A LARGE NUMBER OF THESE ISSUES CANNOT BE DEALT

WITH BY THE BIG CONSUMING COUNTRIES ALONE, BUT REQUIRE THE PARTICIPATION OF ALL KINDS OF CONSUMING AND PRODUCING COUNTRIES.

A. ELEMENTS AND PRINCIPLES FOR INTERNATIONAL COOPERATION IN ENERGY

AS A STARTING POINT, THE EXCHANGE OF VIEWS COULD BE BASED ON:

(A*) THE NEED TO AGREE TO A GROWING, CONCERTED, AND WHERE NECESSARY, COMMON EFFORT:

- TO USE IN A MORE EFFICIENT MANNER EXISTING ENERGY RESOURCES, EVEN TO RESTRAIN CERTAIN USES OF ENERGY;

- TO DEVELOP IN AN OPTIMAL MANNER EXISTING ENERGY RESOURCES;

- IN RESEARCH AND DEVELOPMENT, IN SUPPORT OF THE ABOVE-MENTIONED OBJECTIVES AND TO ACCELERATE THE SUBSTITUTION OF ALTERNATIVE ENERGY RESOURCES, SO AS TO GET UNDERWAY NEW SOURCES OF ENERGY OR NEW WAYS OF USING RESOURCES ALREADY KNOWN. THE COMMISSION HAS POINTED OUT ITS INTEREST IN A COMMUNITY PROGRAM OF RESEARCH INTO PRIORITY AREAS IN ENERGY. IT CAN FORESEE ITS DEVELOPMENT IN COORDINATION BOTH WITH OTHER INDUSTRIALIZED COUNTRIES AND WITH DEVELOPING COUNTRIES WHETHER PRODUCERS OR CONSUMERS, IN PARTICULAR BY JOINT PROGRAMS.

- TO RECONCILE THE NECESSITY OF DEVELOPING ENERGY RESOURCES AND THE NEED TO PROTECT THE ENVIRONMENT.

(B) AN INTEREST IN DEFINING COMMON POLICY APPROACHES:

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- WITH REGARD TO THE FUTURE ROLE OF THE PETROLEUM INDUSTRY IN ASSURING A BETTER IMAGE OF ITS ACTIVITIES IN THE MARKETS OF THE CONSUMING COUNTRIES AND THE DEFINITION OF ITS RELATIONS WITH PUBLIC AUTHORITIES;

- TO AVOID A DISORDERED AND EXCESSIVE COMPETITION BETWEEN CONSUMING COUNTRIES, WHICH IMPLIES AMONG OTHER THINGS:

--THE EXCHANGE OF INFORMATION ON THE GENERAL SUPPLY SITUATION, THE PRICES OF ENERGY AND THE POLICIES FOLLOWED;

--CONCENTRATION ON THE SURVEILLANCE AND, IF

NECESSARY, CONTROL OF THEIR OWN MARKETS;

--CONCENTRATION ABOUT MAINTAINING AN EQUITABLE
SUPPLY BY THE OIL COMPANIES IN EACH OF THE
CONSUMER COUNTRIES WHERE THEY OPERATE.

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(C) AN INTEREST IN ESTABLISHING A WORKABLE AND EQUITABLE
ALLOCATION SYSTEM FOR ENERGY RESOURCES, IN TIMES OF
SUPPLY DIFFICULTY.

(C) THE NECESSITY OF ESTABLISHING COOPERATION IN MUTUAL
CONFIDENCE BETWEEN CONSUMING COUNTRIES AND PRODUCING
COUNTRIES, WHICH PERMITS AN AGREEMENT ENSURING

STABLE PRODUCTION AND SUPPLY OF HYDROCARBONS AND PRICES TAKING INTO ACCOUNT AT THE SAME TIME, BOTH THE LEGITIMATE INTEREST OF PRODUCING COUNTRIES AND THE ROLE THAT PRICES PLAY IN THE ECONOMIES OF THE VARIOUS KINDS OF CONSUMING COUNTRIES. IN AN INTER-CONFIDENTIAL

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NATIONAL FRAMEWORK, IT WOULD BE CONVENIENT TO SEARCH FOR CHANNELS AND MEANS PERMITTING THE PRODUCING COUNTRIES TO COMPENSATE FOR THE SUPPLEMENTARY CHARGES RESULTING FOR THE CONSUMING DEVELOPING COUNTRIES FROM THE INCREASE IN THE PRICES OF PETROLEUM PRODUCTS, AND THUS TO MAINTAIN THE VALUE OF THE DIFFERENT CONTRIBUTIONS TO DEVELOPMENT.

(E) THE PRINCIPLES WHICH MUST GUIDE INTERNATIONAL COOPERATION IN ENERGY. THIS MEANS:

- A DEFINITION OF THE NATURE AND CONTENT OF AGREEMENTS INVOLVING COOPERATION BASED ON MUTUAL ADVANTAGE;

- AN ASSURANCE THAT COOPERATION, GIVEN ITS OBJECTIVES, CAN TAKE INTO CONSIDERATION THE DIFFERENT CIRCUMSTANCES OF COUNTRIES OR REGIONS; AND, AS A RESULT, CAN ACKNOWLEDGE THAT PARTICULAR PROBLEMS WILL REQUIRE PARTICULAR ACTIONS FROM EACH PARTICIPANT, ALWAYS PROVIDED THAT SUCH ACTIONS DO NOT LEAD TO DIVISIONS.

B. THE ORGANIZATION OF THE INTERNATIONAL COOPERATION IN ENERGY

(A) IT WILL BE NECESSARY TO HAVE EXTENSIVE EXCHANGES OF VIEW ON THE PROCEDURES AND THE APPROPRIATE TIMETABLE TO ORGANIZE THE PARTICIPATION OF CONSUMING DEVELOPING COUNTRIES AND OF PRODUCING COUNTRIES.

(B) IN THE LIGHT OF THESE EXCHANGES OF VIEW THE POSSIBILITY COULD BE EXAMINED OF RAPIDLY CREATING WORKING GROUPS, OF AN APPROPRIATE COMPOSITION, ON CERTAIN SUBJECTS SUGGESTED IN PART A ABOVE. THE CONCLUSIONS OF THESE GROUPS, WHICH SHOULD ADDRESS THE DEEPER EXAMINATION OF THE QUESTIONS ENVISAGED AND THE PRACTICAL MODALITIES OF PUTTING THEM INTO EFFECT, SHOULD BE KNOWN WITHIN THREE MONTHS.

THESE GROUPS WILL EXAMINE IN PARTICULAR THE EXTENT
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AND THE FORM IN WHICH THE OECD COULD MAKE A USEFUL CONTRIBUTION TO THE SOLUTION OF PROBLEMS.

(C) THE IMPLICATIONS OF THE ENERGY SITUATION ON THE GENERAL ECONOMY OF THE WORLD AND IN PARTICULAR IN THE MONETARY FIELD.

IT IS NECESSARY TO STUDY AND ANALYZE MORE INTENSIVELY THE PRESENT ENERGY SITUATION AND ITS FUTURE EVOLUTION IN THE SHORT, MEDIUM, AND LONG TERM. THE COMMUNITY ATTACHES GREAT IMPORTANCE TO THE WORK PERFORMED ON THIS SUBJECT BY THE OECD. IT WILL GIVE IT ALL ITS SUPPORT. IT WILL SPEAK THERE WITH ONE VOICE. IT BELIEVES IT NECESSARY TO ENVISAGE THE ENLARGEMENT OF THESE STUDIES ON THE PROBLEMS OF OTHER CONSUMING AND PRODUCING COUNTRIES. THESE STUDIES SHOULD BE CONDUCTED IN CLOSE COLLABORATION WITH THESE COUNTRIES. THE SAME IS TRUE OF STUDIES ON THE EFFECTS OF THE ENERGY SITUATION ON THE LEVEL OF THE WORLD ECONOMY IN GENERAL. IN THIS CONTEXT IT SHOULD BE RECALLED THAT THE OECD AND THE IMF ALREADY PLAY AN IMPORTANT ROLE. BEYOND THE PROBLEMS OF ENERGY AS SUCH, SPECIAL ATTENTION WILL BE PAID TO THE REPERCUSSIONS OF THE ENERGY SITUATION ON THE TOTAL WORLD ECONOMY AND IN PARTICULAR ON MONETARY STABILITY. IT WOULD BE APPROPRIATE TO SEARCH IN THE PROPER FORA:

- CONCERTED POLICIES TO AVOID DIVERSE MEASURES BEING TAKEN INDIVIDUALLY BY CONSUMING COUNTRIES, LEADING TO A PROGRESSIVE DETERIORATION TOWARDS AN ESCALATION IN COMPETITIVE REACTIONS TO THE SITUATION;

- THE WAYS AND MEANS OF AVOIDING ADDITIONAL DISTURBANCES CAUSED BY THE ACCUMULATION OF CONSIDERABLE MONETARY SURPLUSES BY PRODUCING COUNTRIES;

- THE RECYCLING AND BEST UTILIZATION OF THE INTERNATIONAL CAPITAL CREATED, TAKING INTO

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ACCOUNT IN PARTICULAR THE CAPITAL NEED OF NON-PRODUCING DEVELOPING COUNTRIES.

IT IS ESSENTIAL TO AVOID DIVERSE ECONOMIC POLICIES BEING
TAKEN INDIVIDUALLY BY CONSUMING COUNTRIES. THIS WOULD
REDUCE THE RISK OF SERIOUS SITUATIONS RESULTING FROM
THE EFFECTS OF THE INCREASE IN OIL PRICES, WHICH
COULD SERIOUSLY UPSET THE ORDERLY FU
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